

AMENDED IN ASSEMBLY MARCH 27, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1137

Introduced by Assembly Member Reyes

February 21, 2003

An act to amend Sections 39820, 44579.1, 44579.2, 44579.5, 47604, 47605, 47607, 47613, 60242, and 60421 of, and to add Sections 47604.31, 47604.32, and 47612.6 to, the Education Code, relating to charter schools.

LEGISLATIVE COUNSEL'S DIGEST

AB 1137, as amended, Reyes. Charter schools.

(1) The Charter Schools Act of 1992 permits teachers, parents, pupils, and community members to petition the governing board of a school district to approve a charter school to operate independently from the existing school district structure as a method of accomplishing, among other things, improved pupil learning.

This bill would authorize the governing board of a school district to elect not to be a chartering authority. If the governing board of a school district makes this election, the bill would require the State Board of Education and the Superintendent of Public Instruction to enter into an agreement with an entity to act as the ~~chartering~~ *chartering* authority in that school district.

The bill would specify several oversight duties of each chartering authority with respect to charter schools under their authority. The bill would require each chartering authority to identify a contact person from each charter school, annually visit each charter school, distribute informational brochures to each parent or guardian of each pupil in the

school district, and ensure that each charter school complies with specified reporting requirements.

The bill would require each chartering authority and charter school, upon approval of the charter petition, to cooperatively develop a list of activities to be regularly reviewed by the ~~chartering authority~~ *charter school and reported on, as specified*. The bill would further require each chartering authority to contract with an external auditor to conduct an annual ~~performance~~ audit of each charter ~~school under its authority~~ *school's average daily attendance*. The bill would additionally require various assessments relating to finances and average daily attendance reports.

The bill would require a charter school to meet at least one of several academic performance criteria as a prerequisite to receiving a charter renewal.

(2) Existing law authorizes the governing board of a school district to provide for the transportation of pupils at least 3 years and 9 months of age and who are enrolled in special education programs, as specified, and provides for state reimbursement to those school districts.

This bill would apply these provisions to charter schools.

(3) Existing law establishes the Instructional Time and Staff Development Reform Program for the purpose of providing grants to school districts, county offices of education, and charter schools, to enhance staff development opportunities for classroom personnel.

This bill would repeal these provisions to the extent they apply to charter schools, and would make conforming changes to related provisions of law.

(4) Existing law establishes the State Instructional Materials Fund in the State Treasury as a means of annually funding the acquisition of instructional materials. Existing law authorizes a charter school to apply for those funds on its own behalf or through its chartering entity.

This bill would delete that latter provision.

(5) Existing law establishes the Instructional Materials Funding Realignment Program to provide funding for instructional materials to a school district, which is defined to include charter schools, on the basis of an equal amount per pupil enrolled in public elementary and high schools, as specified.

This bill would repeal these provisions to the extent they apply to charter schools.

(6) Existing law provides that a charter school may elect to operate as, or be operated by, a nonprofit public benefit corporation, as defined,



and declares the intent of the Legislature that the chartering authority that grants that charter is not liable for the debts or obligations of the charter school.

This bill would instead require that chartering authority to comply with specified oversight responsibilities to be shielded from that liability.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. The Legislature finds and declares all of the
2 following:

3 (a) The intent of the Legislature, in enacting the Charter
4 Schools Act of 1992, was to hold charter schools accountable for
5 meeting measurable pupil outcomes and to provide charter schools
6 with a method to change from rule-based to performance-based
7 accountability systems.

8 (b) ~~Minimum~~ *Objective, statewide, and uniform minimum*
9 academic standards should be adopted to ensure that the
10 performance-based accountability system for charter schools is
11 linked to meeting measurable pupil outcomes.

12 (c) The Charter Schools Act of 1992 shall be interpreted to
13 further its purpose as a performance-based accountability system.

14 SEC. 2. Section 39820 of the Education Code is amended to
15 read:

16 39820. (a) Notwithstanding any other provision of law, a
17 charter school or the governing board of any school district may
18 provide for the transportation to and from public school of pupils
19 who have attained the age of three years and nine months and are
20 enrolled in classes established pursuant to Chapter 4.45
21 (commencing with Section 56440) of Part 30 if in the judgment of
22 the board, transportation is advisable and good reasons exist
23 therefor. A governing board of a school district may allow for the
24 transportation of parents of pupils enrolled in these classes for the
25 purpose of accompanying their children to and from the
26 attendance center offering the early primary classes.

27 (b) School districts and charter schools shall receive state
28 reimbursements for the transportation of pupils described in

1 subdivision (a) pursuant to Article 10 (commencing with Section
2 41850) of Chapter 5 of Part 24.

3 SEC. 3. Section 44579.1 of the Education Code is amended
4 to read:

5 44579.1. (a) There is hereby established the Instructional
6 Time and Staff Development Reform Program. It is the intent of
7 the Legislature that this program enhance staff development
8 opportunities for classroom personnel, but this article does not
9 provide the sole source of funding for staff development activities
10 for school personnel or limit the amount or type of staff
11 development that is provided to school district personnel from
12 other resources.

13 (b) The State Department of Education shall submit draft
14 regulations for the purpose of implementing this article to the State
15 Board of Education for its review and approval. The State Board
16 of Education shall adopt regulations for the purpose of
17 implementing this article pursuant to Chapter 3.5 (commencing
18 with Section 11340) of Part 1 of Division 3 of Title 2 of the
19 Government Code.

20 (c) Each fiscal year, the Superintendent of Public Instruction
21 shall provide each eligible school district and county office of
22 education applying for a grant pursuant to this article with a staff
23 development allowance of two hundred seventy dollars (\$270) per
24 day, adjusted annually commencing with the 1999–2000 fiscal
25 year for the inflation adjustment calculated pursuant to
26 subdivision (b) of Section 42238.1, for up to three days, for each
27 certificated classroom teacher and one hundred forty dollars
28 (\$140) per day, adjusted annually commencing with the
29 1999–2000 fiscal year for the inflation adjustment calculated
30 pursuant to subdivision (b) of Section 42238.1, for up to one day
31 for each classified classroom instructional aide and certificated
32 teaching assistant who participates in staff development
33 instructional methods, including teaching strategies, classroom
34 management and other training designed to improve pupil
35 performance, conflict resolution, and academic content in the core
36 curriculum areas that are provided by the school district or county
37 office of education.

38 (d) To be eligible for a grant pursuant to this article, the staff
39 development program provided by the school district or county
40 office of education shall meet all of the following requirements:



1 (1) Meet local educational priorities as defined by the
2 governing board of the school district or county board of
3 education.

4 (2) Be consistent with regulations defining staff development
5 activities eligible to receive funding pursuant to this section.

6 (e) To qualify as a funded participant, each eligible participant
7 shall be present for the full staff development day, and records of
8 attendance shall be maintained in a manner to be prescribed in
9 regulations. Each staff development day shall be at least as long as
10 the full-time instructional workday for certificated or classified
11 instructional employees of the school district. For purposes of this
12 section, a single staff development day may be conducted over
13 several calendar days.

14 (f) (l) Except as provided pursuant to paragraph (2), if the staff
15 development day is conducted after completion of an instructional
16 day, it may not be held on a minimum day for which a parent or
17 guardian was notified pursuant to subdivision (c) of Section
18 48980.

19 (2) For staff working in multitrack, year-round schools, not
20 more than two staff development days may be scheduled for “off
21 track” teachers at a school with a minimum day scheduled. In this
22 event, teachers at the multitrack, year-round school who are being
23 paid for service on the minimum days are not eligible for that day
24 of funding under this article.

25 (g) Notwithstanding Section 45203, probationary and
26 permanent employees in the classified service may not receive
27 regular pay on days during which staff development is offered
28 pursuant to this article unless they are required to report for duty
29 on those days.

30 (h) This section shall be operative in any fiscal year only to the
31 extent that funds are provided for its purposes in the annual Budget
32 Act.

33 SEC. 4. Section 44579.2 of the Education Code is amended
34 to read:

35 44579.2. (a) The Superintendent of Public Instruction shall
36 disburse grant funds for this program in the following manner:

37 (1) Beginning in the 1999–2000 fiscal year, an advance
38 disbursement shall be made following passage of the annual
39 Budget Act. This disbursement shall be provided to each school
40 district and county office of education that participated in the

1 Instructional Time and Staff Development Reform Program in the
2 prior fiscal year, and shall be limited to 25 percent of the amount
3 apportioned to each entity in the prior year.

4 (2) Each year a disbursement of grant funding to all applicants
5 shall be made following receipt of applications submitted pursuant
6 to Section 44579.1, adjusted as necessary by the amount disbursed
7 pursuant to paragraph (1). If a school district or county office of
8 education that participated in this program in the prior fiscal year
9 fails to submit an application, all funds disbursed to that school
10 district or county office of education pursuant to paragraph (1) shall
11 be deducted from its next monthly principal apportionment
12 payment.

13 (3) A final adjustment to the amounts paid pursuant to
14 paragraph (2) shall be made following receipt by the
15 Superintendent of Public Instruction of certification by the
16 superintendent of the school district or the county superintendent
17 of schools, as appropriate, of the total number of teacher-days
18 attendance at staff development training that complies with all of
19 the applicable provisions of this article and the regulations adopted
20 by the State Board of Education.

21 (4) If the amount disbursed pursuant to this article to a school
22 district, county office of education during any fiscal year differs
23 from the amount to which the school district, or county office of
24 education was entitled pursuant to this article, the Superintendent
25 of Public Instruction shall, at the next monthly apportionment
26 following discovery of the error, withhold from, or add to, the
27 apportionment payment made during that month, the amount of
28 the excess or deficiency, as the case may be.

29 (b) Notwithstanding any other provision of law, excesses
30 withheld or deficiencies added by the Superintendent of Public
31 Instruction pursuant to this section shall be added to, or allowed
32 from, any portion of the State School Fund.

33 SEC. 5. Section 44579.5 of the Education Code is amended
34 to read:

35 44579.5. Notwithstanding any other provision of law, a
36 school district or county office of education that participates in the
37 Mathematics and Reading Professional Development Program
38 pursuant to Article 3 (commencing with Section 99230) of
39 Chapter 5 of Part 65 may claim funding, as described in
40 subdivision (c) of Section 44579.1, for the 80 hours of followup

1 instruction, coaching, or additional schoolsite assistance required
2 pursuant to subdivision (b) of Section 99237 if the training meets
3 the requirements described in subdivision (d) of Section 44579.1
4 and is conducted outside of an instructional day that the school
5 district or county office of education is required to provide in order
6 to qualify for funding pursuant to Part 26 (commencing with
7 Section 46000). Funding claimed pursuant to this section shall be
8 in addition to funding received pursuant to Article 3 (commencing
9 with Section 99230) of Chapter 5 of Part 65.

10 SEC. 6. Section 47604 of the Education Code is amended to
11 read:

12 47604. (a) Charter schools may elect to operate as, or be
13 operated by, a nonprofit public benefit corporation, formed and
14 organized pursuant to the Nonprofit Public Benefit Corporation
15 Law (Part 2 (commencing with Section 5110) of Division 2 of
16 Title 1) of the Corporations Code).

17 (b) The governing board of a school district that grants a charter
18 for the establishment of a charter school formed and organized
19 pursuant to this section shall be entitled to a single representative
20 on the board of directors of the nonprofit public benefit
21 corporation.

22 (c) An authority that grants a charter to a charter school to be
23 operated by, or as, a nonprofit public benefit corporation shall not
24 be liable for the debts or obligations of the charter school, if it has
25 complied with its oversight responsibilities set forth in subdivision
26 (m) of Section 47605 and Section 47604.32.

27 SEC. 7. Section 47604.31 is added to the Education Code, to
28 read:

29 47604.31. (a) The governing board of a school district may
30 elect not to be a chartering authority.

31 (b) If the governing board of a school district elects not to be
32 a chartering authority pursuant to subdivision (a), the State Board
33 of Education and the Superintendent of Public Instruction shall
34 enter into an agreement with an entity to act as the chartering
35 authority in that school district.

36 (c) The entity designated pursuant to subdivision (b) shall be
37 deemed a chartering agency for the purposes of Section 47613.

38 SEC. 8. Section 47604.32 is added to the Education Code, to
39 read:

1 47604.32. Each chartering authority, in addition to any other
2 duties imposed by this part, shall do all of the following with
3 respect to each charter school under its authority:

4 (a) Identify at least one staff member as a contact person from
5 each charter school.

6 (b) Visit each charter school at least annually.

7 (c) If the chartering authority is responsible for two or more
8 charter schools, form a committee consisting of at least one
9 representative from each of those charter schools and one
10 representative from each school district department that interacts
11 on a regular basis with the charter schools.

12 (d) Distribute to the parent or guardian of each pupil in the
13 school district an annual information brochure, including, but not
14 limited to, a general description of the purposes of charter schools,
15 descriptions of the charter schools within the school district, and
16 contact information regarding admission and enrollment
17 procedures for each charter school.

18 (e) (1) Ensure that each charter school under its authority
19 complies with all reporting requirements *specified in law*,
20 including, but not limited to, average daily attendance records,
21 school accountability report cards, and the California Basic
22 Educational Data System.

23 (2) Failure to provide the required information is cause for
24 revoking the charter.

25 (f) Develop performance target standards for each charter
26 school under its authority commensurate with ~~those~~ *the standards*,
27 *if any*, applied to other noncharter public schools *in the district*.

28 SEC. 9. Section 47605 of the Education Code is amended to
29 read:

30 47605. (a) (1) Except as set forth in paragraph (2), a petition
31 for the establishment of a charter school within any school district
32 may be circulated by any one or more persons seeking to establish
33 the charter school. A petition for the establishment of a charter
34 school shall identify a single charter school that will operate within
35 the geographic boundaries of that school district. A charter school
36 may propose to operate at multiple sites within the school district,
37 as long as each location is identified in the charter school petition.
38 The petition may be submitted to the governing board of the school
39 district for review after either of the following conditions are met:

1 (A) The petition has been signed by a number of parents or
2 guardians of pupils that is equivalent to at least one-half of the
3 number of pupils that the charter school estimates will enroll in the
4 school for its first year of operation.

5 (B) The petition has been signed by a number of teachers that
6 is equivalent to at least one-half of the number of teachers that the
7 charter school estimates will be employed at the school during its
8 first year of operation.

9 (2) In the case of a petition for the establishment of a charter
10 school through the conversion of an existing public school, that
11 would not be eligible for a loan pursuant to subdivision (b) of
12 Section 41365, the petition may be circulated by any one or more
13 persons seeking to establish the converted charter school. The
14 petition may be submitted to the governing board of the school
15 district for review after the petition has been signed by not less than
16 50 percent of the permanent status teachers currently employed at
17 the public school to be converted.

18 (3) A petition shall include a prominent statement that a
19 signature on the petition means that the parent or guardian is
20 meaningfully interested in having his or her child, or ward, attend
21 the charter school, or in the case of a teacher's signature, means
22 that the teacher is meaningfully interested in teaching at the charter
23 school. The proposed charter shall be attached to the petition.

24 (4) After receiving approval of its petition, a charter school that
25 proposes to establish operations at one or more additional sites
26 within the jurisdictional boundaries of the school district shall
27 request a material revision to its charter and shall notify the
28 governing board of the school district of those additional locations.
29 The governing board of the school district shall consider whether
30 to approve those additional locations at an open, public meeting.
31 If the additional locations are approved by the governing board of
32 the school district they shall be a material revision to the charter
33 school's charter.

34 (5) Notwithstanding subdivision (a), a charter school that is
35 unable to locate within the jurisdiction of the chartering school
36 district may establish one site outside the boundaries of the school
37 district, but within the county within which that school district is
38 located, if the school district where the charter school proposes to
39 operate is notified in advance of the charter petition approval, the
40 county superintendent of schools and the Superintendent of Public

1 Instruction are notified of the location of the charter school before
2 it commences operations and either of the following
3 circumstances exist:

4 (A) The school has attempted to locate a single site or facility
5 to house the entire program but such a facility or site is unavailable
6 in the area in which the school chooses to locate.

7 (B) The site is needed for temporary use during a construction
8 or expansion project.

9 (6) Commencing January 1, 2003, a petition to establish a
10 charter school may not be approved to serve pupils in a grade level
11 that is not served by the school district of the governing board
12 considering the petition, unless the petition proposes to serve
13 pupils in all of the grade levels served by that school district.

14 (b) No later than 30 days after receiving a petition, in
15 accordance with subdivision (a), the governing board of the school
16 district shall hold a public hearing on the provisions of the charter,
17 at which time the governing board of the school district shall
18 consider the level of support for the petition by teachers employed
19 by the district, other employees of the district, and parents.
20 Following review of the petition and the public hearing, the
21 governing board of the school district shall either grant or deny the
22 charter within 60 days of receipt of the petition, provided,
23 however, that the date may be extended by an additional 30 days
24 if both parties agree to the extension. In reviewing petitions for the
25 establishment of charter schools pursuant to this section, the
26 chartering authority shall be guided by the intent of the Legislature
27 that charter schools are and should become an integral part of the
28 California educational system and that establishment of charter
29 schools should be encouraged. A school district governing board
30 shall grant a charter for the operation of a school under this part if
31 it is satisfied that granting the charter is consistent with sound
32 educational practice. The governing board of the school district
33 may not deny a petition for the establishment of a charter school
34 unless it makes written factual findings, specific to the particular
35 petition, setting forth specific facts to support one or more of the
36 following findings:

37 (1) The charter school presents an unsound educational
38 program for the pupils to be enrolled in the charter school.

39 (2) The petitioners are demonstrably unlikely to successfully
40 implement the program set forth in the petition.



1 (3) The petition does not contain the number of signatures
2 required by subdivision (a).

3 (4) The petition does not contain an affirmation of each of the
4 conditions described in subdivision (d).

5 (5) The petition does not contain reasonably comprehensive
6 descriptions of all of the following:

7 (A) (i) A description of the educational program of the school,
8 designed, among other things, to identify those whom the school
9 is attempting to educate, what it means to be an “educated person”
10 in the 21st century, and how learning best occurs. The goals
11 identified in that program shall include the objective of enabling
12 pupils to become self-motivated, competent, and lifelong learners.

13 (ii) If the proposed school will serve high school pupils, a
14 description of how the charter school will inform parents about the
15 transferability of courses to other public high schools and the
16 eligibility of courses to meet college entrance requirements.
17 Courses offered by the charter school that are accredited by the
18 Western Association of Schools and Colleges may be considered
19 transferable and courses approved by the University of California
20 or the California State University as creditable under the “A” to
21 “G” admissions criteria may be considered to meet college
22 entrance requirements.

23 (B) The measurable pupil outcomes identified for use by the
24 charter school. “Pupil outcomes,” for purposes of this part, means
25 the extent to which all pupils of the school demonstrate that they
26 have attained the skills, knowledge, and attitudes specified as
27 goals in the school’s educational program.

28 (C) The method by which pupil progress in meeting those pupil
29 outcomes is to be measured.

30 (D) The governance structure of the school, including, but not
31 limited to, the process to be followed by the school to ensure
32 parental involvement.

33 (E) The qualifications to be met by individuals to be employed
34 by the school.

35 (F) The procedures that the school will follow to ensure the
36 health and safety of pupils and staff. These procedures shall
37 include the requirement that each employee of the school furnish
38 the school with a criminal record summary as described in Section
39 44237.

1 (G) The means by which the school will achieve a racial and
2 ethnic balance among its pupils that is reflective of the general
3 population residing within the territorial jurisdiction of the school
4 district to which the charter petition is submitted.

5 (H) Admission requirements, if applicable.

6 (I) The manner in which annual, independent, financial audits
7 shall be conducted, which shall employ generally accepted
8 accounting principles, and the manner in which audit exceptions
9 and deficiencies shall be resolved to the satisfaction of the
10 chartering authority.

11 (J) The procedures by which pupils can be suspended or
12 expelled.

13 (K) The manner by which staff members of the charter schools
14 will be covered by the State Teachers' Retirement System, the
15 Public Employees' Retirement System, or federal social security.

16 (L) The public school attendance alternatives for pupils
17 residing within the school district who choose not to attend charter
18 schools.

19 (M) A description of the rights of any employee of the school
20 district upon leaving the employment of the school district to work
21 in a charter school, and of any rights of return to the school district
22 after employment at a charter school.

23 (N) The procedures to be followed by the charter school and the
24 entity granting the charter to resolve disputes relating to provisions
25 of the charter.

26 (O) A declaration whether or not the charter school shall be
27 deemed the exclusive public school employer of the employees of
28 the charter school for the purposes of the Educational Employment
29 Relations Act (Chapter 10.7 (commencing with Section 3540) of
30 Division 4 of Title 1 of the Government Code).

31 (P) A description of the procedures to be used if the charter
32 school closes. The procedures shall ensure a final audit of the
33 school to determine the disposition of all assets and liabilities of
34 the charter school, including plans for disposing of any net assets
35 and for the maintenance and transfer of pupil records.

36 (c) (1) Charter schools shall meet all statewide standards and
37 conduct the pupil assessments required pursuant to Section 60605
38 and any other statewide standards authorized in statute or pupil
39 assessments applicable to pupils in noncharter public schools.

(2) Charter schools shall, on a regular basis, consult with their parents and teachers regarding the school's educational programs.

(d) (1) In addition to any other requirement imposed under this part, a charter school shall be nonsectarian in its programs, admission policies, employment practices, and all other operations, may not charge tuition, and may not discriminate against any pupil on the basis of ethnicity, national origin, gender, or disability. Except as provided in paragraph (2), admission to a charter school may not be determined according to the place of residence of the pupil, or of his or her parent or guardian, within this state, except that any existing public school converting partially or entirely to a charter school under this part shall adopt and maintain a policy giving admission preference to pupils who reside within the former attendance area of that public school.

(2) (A) A charter school shall admit all pupils who wish to attend the school.

(B) However, if the number of pupils who wish to attend the charter school exceeds the school's capacity, attendance, except for existing pupils of the charter school, shall be determined by a public random drawing. Preference shall be extended to pupils currently attending the charter school and pupils who reside in the district except as provided for in Section 47614.5. Other preferences may be permitted by the chartering authority on an individual school basis and only if consistent with the law.

(C) In the event of a drawing, the chartering authority shall make reasonable efforts to accommodate the growth of the charter school may not take any action to impede the charter school from expanding enrollment to meet pupil demand.

(e) The governing board of a school district may not require an employee of the school district to be employed in a charter school.

(f) The governing board of a school district may not require any pupil enrolled in the school district to attend a charter school.

(g) The governing board of a school district shall require that the petitioner or petitioners provide information regarding the proposed operation and potential effects of the school, including, but not limited to, the facilities to be utilized by the school, the manner in which administrative services of the school are to be provided, and potential civil liability effects, if any, upon the school and upon the school district. The description of the facilities to be used by the charter school shall specify where the school

1 intends to locate. The petitioner or petitioners shall also be
2 required to provide financial statements that include a proposed
3 first-year operational budget, including startup costs, and
4 cashflow and financial projections for the first three years of
5 operation.

6 (h) In reviewing petitions for the establishment of charter
7 schools within the school district, the governing board of the
8 school district shall give preference to petitions that demonstrate
9 the capability to provide comprehensive learning experiences to
10 pupils identified by the petitioner or petitioners as academically
11 low achieving pursuant to the standards established by the State
12 Department of Education under Section 54032.

13 (i) Upon the approval of the petition by the governing board of
14 the school district, the petitioner or petitioners shall provide
15 written notice of that approval, including a copy of the petition, to
16 the applicable county superintendent of schools, the State
17 Department of Education, and the State Board of Education.

18 (j) (1) If the governing board of a school district denies a
19 petition, the petitioner may elect to submit the petition for the
20 establishment of a charter school to the county board of education.
21 The county board of education shall review the petition pursuant
22 to subdivision (b). If the petitioner elects to submit a petition for
23 establishment of a charter school to the county board of education
24 and the county board of education denies the petition, the
25 petitioner may file a petition for establishment of a charter school
26 with the State Board of Education, and the state board may
27 approve the petition, in accordance with subdivision (b). A charter
28 school that receives approval of its petition from a county board
29 of education or from the State Board of Education on appeal shall
30 be subject to the same requirements concerning geographic
31 location that it would otherwise be subject to if it receives approval
32 from the entity to whom it originally submits its petition. A charter
33 petition that is submitted to either a county board of education or
34 to the State Board of Education shall meet all otherwise applicable
35 petition requirements, including the identification of the proposed
36 site or sites where the charter school will operate.

37 (2) In assuming its role as a chartering agency, the State Board
38 of Education shall develop criteria to be used for the review and
39 approval of charter school petitions presented to the State Board
40 of Education. The criteria shall address all elements required for

1 charter approval, as identified in subdivision (b) of Section 47605
2 and shall define “reasonably comprehensive” as used in
3 paragraph (5) of subdivision (b) of Section 47605 in a way that is
4 consistent with the intent of the Charter Schools Act of 1992. Upon
5 satisfactory completion of the criteria, the State Board of
6 Education shall adopt the criteria on or before June 30, 2001.

7 (3) A charter school for which a charter is granted by either the
8 county board of education or the State Board of Education based
9 on an appeal pursuant to this subdivision shall qualify fully as a
10 charter school for all funding and other purposes of this part.

11 (4) If either the county board of education or the State Board
12 of Education fails to act on a petition within 120 days of receipt,
13 the decision of the governing board of the school district, to deny
14 a petition shall, thereafter, be subject to judicial review.

15 (5) The State Board of Education shall adopt regulations
16 implementing this subdivision.

17 (6) Upon the approval of the petition by the county board of
18 education, the petitioner or petitioners shall provide written notice
19 of that approval, including a copy of the petition to the State
20 Department of Education and the State Board of Education.

21 (k) (1) The State Board of Education may, by mutual
22 agreement, designate its supervisory and oversight
23 responsibilities for a charter school approved by the State Board
24 of Education to a local education agency in the county in which the
25 charter school is located or to the governing board of the school
26 district that first denied the petition.

27 (2) The designated local education agency shall have all
28 monitoring and supervising authority of a chartering agency,
29 including, but not limited to, powers and duties set forth in Section
30 47607, except the power of revocation, which shall remain with
31 the State Board of Education.

32 (3) A charter school that has been granted its charter through
33 an appeal to the State Board of Education and elects to seek
34 renewal of its charter shall, prior to expiration of the charter,
35 submit its petition for renewal to the governing board of the school
36 district that initially denied the charter. If the governing board of
37 the school district denies the school’s petition for renewal, the
38 school may petition the State Board of Education for renewal of
39 its charter.

(l) Teachers in charter schools shall be required to hold a Commission on Teacher Credentialing certificate, permit, or other document equivalent to that which a teacher in other public schools would be required to hold. These documents shall be maintained on file at the charter school and shall be subject to periodic inspection by the chartering authority. It is the intent of the Legislature that charter schools be given flexibility with regard to noncore, noncollege preparatory courses.

(m) (1) Upon approval of a charter petition, the chartering authority and the charter school shall cooperatively develop a list of activities to be regularly reviewed, ~~which by the charter school and reported on, in the form of an annual performance report. The list of activities~~ shall be reflective of the instructional program described in the charter.

(2) The chartering authority shall ensure that each charter school under its authority is held accountable for the ongoing implementation of its charter.

(3) The chartering authority shall contract with an external auditor to conduct an annual audit of the charter school, ~~which shall include, but not be limited to, all of the following:~~

~~(A) A review of the average daily attendance of the charter school.~~

~~(B) Information required pursuant to paragraph (1): school's average daily attendance.~~

(4) A charter school shall transmit a copy of its annual, independent, financial audit report for the preceding fiscal year, as described in subparagraph (I) of paragraph (5) of subdivision (b), to its chartering entity, the Controller, the county superintendent of schools of the county in which the charter school is sited, unless the county board of education of the county in which the charter school is sited is the chartering entity, and the State Department of Education by December 15 of each year. This subdivision does not apply if the audit of the charter school is encompassed in the audit of the chartering entity pursuant to Section 41020.

(5) Each charter school shall annually prepare and submit the following reports to its chartering authority and the county board of education, unless the county board of education is the chartering authority:

(A) On or before July 1, a preliminary budget. For a charter school in its first year of operation, the information submitted

pursuant to subdivision (g) of Section 47605 satisfies this requirement.

(B) On or before December 15, an interim report. This report shall reflect changes through October 31.

(C) On or before March 15, a second interim report. This report shall reflect changes through January 31.

(D) On or before September 15, a final report for the full prior year.

(6) The chartering authority shall review the fiscal reports provided pursuant to paragraph (6) within 30 days of receipt and notify a charter school if the following concerns exist:

(A) The income and expenditure assumptions are unreasonable.

(B) Inadequate reserves have been set aside or the budget reflects a negative balance.

(7) (A) A charter school that is approved on or after July 2005 shall have its average daily attendance recording procedure reviewed by a certified public accountant qualified to conduct audits of local educational agencies pursuant to paragraph (3) of subdivision (f) of Section 41020. Within 30 days of commencing to record average daily attendance, the charter school shall obtain an audit from the certified public accountant and submit that audit to its chartering authority within 30 days of its receipt.

(B) If the audit determines that the average daily attendance recording system complies with charter school average daily attendance requirements, the charter school is not responsible for any average daily attendance audit exceptions so long as it adheres to the system as approved by the certified public accountant.

SEC. 10. Section 47607 of the Education Code is amended to read:

47607. (a) (1) A charter may be granted pursuant to Sections 47605, 47605.5, and 47606 for a period not to exceed five years. A charter granted by a school district governing ~~board~~, *board*, a county board of education or the State Board of Education, may be granted one or more subsequent renewals by that entity. Each renewal shall be for a period of five years. A material revision of the provisions of a charter petition may be made only with the approval of the authority that granted the charter. The authority that granted the charter may inspect or observe any part of the charter school at any time.

(2) Renewals and material revisions of charters shall be governed by the standards and criteria in Section 47605.

(b) Commencing on January 1, 2005, or after a charter school has been in operation for four years, whichever is later, a charter school shall meet at least one of the following criteria prior to receiving a charter renewal pursuant to paragraph (1):

(1) Attained its Academic Performance Index (API) growth target in the prior year or in two of the last three years, or in the aggregate for the prior three years.

(2) Ranked in deciles 4 to 10, inclusive, on the API in the prior year or in two of the last three years.

(3) Ranked in deciles 4 to 10, inclusive, on the API for a demographically comparable school in the prior year or in two of the last three years.

~~(4) No more than 100 pupils are enrolled at the school.~~

~~(5) —~~

(4) Qualifies for an alternative accountability system pursuant to subdivision (h) of Section 52052.

~~(6) —~~

(5) The State Board of Education determines that the pupils of the charter school are learning more of the statewide performance standards adopted pursuant to Section 60605 than the pupils would have learned had they attended a local noncharter public school. In making this determination, the board shall consider recommendations from the advisory committee appointed pursuant to paragraph (1) of subdivision (b) of Section 47634.2. The determination shall be based upon, but not limited to, the following factors:

(A) Pupil achievement data from assessments, including, but not limited to the Standardized Testing and Reporting Program established by Article 4 (commencing with Section 60640).

(B) *The academic performance of the public schools that the charter school pupils would otherwise have been required to attend, as well as the academic performance of the schools in the district in which the charter school is located, taking into account the composition of the pupil population that is served at the charter school.*

(C) *Any ongoing improvement that indicates that the charter school will meet or exceed the requirements set forth in this subdivision if the charter is renewed.*

1 (D) Whether or not the charter school has been accredited
2 through a recognized accreditation process, including, but not
3 limited to accreditation through the California Network of
4 Educational Charters (CANEC) and the Western Association of
5 Schools and Colleges (WASC), and the status of that accreditation.

6 ~~(C) Annual reports submitted to the chartering authority during~~
7 ~~the previous three years.~~

8 ~~(D) The number of enrolled pupils who are eligible to receive~~
9 ~~free or reduced price meals.~~

10 ~~(E) The number of enrolled pupils identified as special~~
11 ~~education pupils, and the types of special services they require.~~

12 ~~(F) The level of parental and community support for the charter~~
13 ~~school.~~

14 ~~(G) The academic performance of the public schools the pupils~~
15 ~~would otherwise be required to attend.~~

16 ~~(H) The academic performance of the public schools in the~~
17 ~~school district in which the charter school is located.~~

18 ~~(I) A report by external and independent educational experts,~~
19 ~~including, but not limited to, recognized accreditors, or other~~
20 ~~organizations or individuals approved by the State Board of~~
21 ~~Education, that evaluates the future success of the charter school,~~
22 ~~based on each of the following factors:~~

23 ~~(i) The ability of the charter school to achieve academic growth~~
24 ~~that will meet or exceed the requirements set forth in paragraphs~~
25 ~~(1) to (5), inclusive, within the next three years.~~

26 ~~(ii) The organizational capacity of the charter school.~~

27 ~~(iii) The fiscal liability of the charter school.~~

28 (c) A charter may be revoked by the authority that granted the
29 charter under this chapter if the authority finds that the charter
30 school did any of the following:

31 (1) Committed a material violation of any of the conditions,
32 standards, or procedures set forth in the charter.

33 (2) Failed to meet or pursue any of the pupil outcomes
34 identified in the charter.

35 (3) Failed to meet generally accepted accounting principles, or
36 engaged in fiscal mismanagement.

37 (4) Violated any provision of law.

38 (d) Prior to revocation, the authority that granted the charter
39 shall notify the charter public school of any violation of this
40 section and give the school a reasonable opportunity to cure the

1 violation, unless the authority determines, in writing, that the
2 violation constitutes a severe and imminent threat to the health or
3 safety of the pupils.

4 SEC. 11. Section 47612.6 is added to the Education Code, to
5 read:

6 47612.6. (a) Notwithstanding any other provision of law, a
7 nonclassroom charter school is exempt from the funding
8 determination process established pursuant to subdivision (d)
9 Section 47612.5 if it meets ~~all~~ *both* of the following criteria:

10 ~~(1) Previously received a 100 percent funding determination~~
11 ~~pursuant to Section 47612.5.~~

12 ~~(2) —~~

13 ~~(1)~~ Achieved a rank of 6 or higher for the last two years on the
14 Academic Performance Index, and does not fall below a rank of
15 6 during any two consecutive years.

16 ~~(3) —~~

17 (2) Is accredited through the joint California Network of
18 Educational Charters (CANEC) and Western Association of
19 Schools and Colleges (WASC) accreditation process.

20 (b) The State Board of Education shall review the finances of
21 a nonclassroom charter school in either the current or previous
22 fiscal year in which that charter school applies for a renewal.

23 SEC. 12. Section 47613 of the Education Code is amended to
24 read:

25 47613. (a) Except as set forth in subdivision (b), a chartering
26 agency may charge for the actual costs of supervisory oversight
27 of a charter school not to exceed 1 percent of the revenue of the
28 charter school.

29 (b) A chartering agency may charge for the actual costs of
30 supervisory oversight of a charter school not to exceed 3 percent
31 of the revenue of the charter school if the charter school is able to
32 obtain substantially rent free facilities from the chartering agency.

33 (c) A local agency that is given the responsibility for
34 supervisory oversight of a charter school, pursuant to paragraph
35 (1) of subdivision (k) of Section 47605, may charge for the costs
36 of supervisory oversight, and administrative costs necessary to
37 secure charter school funding, not to exceed 3 percent of the
38 revenue of the charter school. A charter school that is charged for
39 costs under this subdivision shall not be charged pursuant to
40 subdivision (a) or (b).

(d) This section does not prevent the charter school from separately purchasing administrative or other services from the chartering agency or any other source.

(e) For the purposes of this section, a chartering agency means a school district, county department of education, the State Board of Education, or the local entity designated pursuant to Section 47604.31, that granted the charter to the charter school.

(f) For the purposes of this section, “revenue of the charter school” means the general purpose entitlement and categorical block grant, as defined in subdivisions (a) and (b) of Section 47632.

SEC. 13. Section 60242 of the Education Code is amended to read:

60242. (a) The state board shall encumber the fund for the purpose of establishing an allowance for each school district, which may reflect increases or decreases in enrollment, that the district may use for the following purposes:

(1) To purchase instructional materials adopted by the state board pursuant to Section 60200 for kindergarten and grades 1 to 8, inclusive, or by the governing board pursuant to Section 60400 for grades 9 to 12, inclusive.

(2) To purchase, at the district’s discretion, instructional materials, including, but not limited to, supplementary instructional materials and technology-based materials, from any source.

(3) To purchase tests.

(4) To bind basic textbooks that are otherwise usable and are on the most recent list of basic instructional materials adopted by the state board and made available pursuant to Section 60200.

(5) To fund in-service training related to instructional materials.

(6) To purchase classroom library materials for kindergarten and grades 1 to 4, inclusive.

(b) The state board shall specify the percentage of a district’s allowance that is authorized to be used for each of the purposes identified in subdivision (a).

(c) Allowances established for school districts pursuant to this section shall be apportioned in September of each fiscal year.

(d) (1) A school district that purchases classroom library materials, shall, as a condition of receiving funding pursuant to this

1 article, develop a districtwide classroom library plan for
2 kindergarten and grades 1 to 4, inclusive, and shall receive
3 certification of the plan from the governing board of the school
4 district. A school district shall include in the plan a means of
5 preventing loss, damage, or destruction of the materials.

6 (2) In developing the plan required by paragraph (1), a school
7 district is encouraged to consult with school library media teachers
8 and primary grade teachers and to consider selections included in
9 the list of recommended books established pursuant to Section
10 19336. If a school library media teacher is not employed by the
11 school district, the district is encouraged to consult with a school
12 library media teacher employed by the local county office of
13 education in developing the plan.

14 (3) To the extent that a school district or county office of
15 education already has a plan meeting the criteria specified in
16 paragraphs (1) and (2), no new plan is required to establish
17 eligibility.

18 SEC. 14. Section 60421 of the Education Code is amended to
19 read:

20 60421. (a) The State Department of Education shall
21 apportion funds appropriated for purposes of this chapter to school
22 districts on the basis of an equal amount per pupil enrolled in
23 kindergarten and grades 1 to 12, inclusive, in the prior year,
24 excluding summer school, adult, and regional occupational center
25 and regional occupational programs enrollment. Enrollment shall
26 be certified by the Superintendent of Public Instruction and based
27 on data as reported by the California Basic Education Data System
28 count. A school district in its first year of operation or of expanding
29 grade levels at a schoolsite shall be eligible to receive funding
30 pursuant to this chapter based on enrollment estimates provided to
31 the State Department of Education by the school district . As a
32 condition of receipt of funding, a school district or charter school
33 in its first year of operation or of expanding grade levels at a
34 schoolsite shall provide enrollment estimates, as approved by the
35 school district governing board and the county office of education
36 in which the school district is located. These estimates and
37 associated funding shall be adjusted for actual enrollment as
38 reported by the subsequent California Basic Education Data
39 System.

1 (b) For the purposes of this chapter, the term “school district”
2 means a school district or county office of education, and the term
3 “local governing board” means the governing board of a school
4 district or county board of education.

5 (c) Allowances established pursuant to this chapter shall be
6 apportioned to school districts in September of each fiscal year.

7 (d) Notwithstanding any other provision of law, pursuant to
8 subdivision (g) of Section 60200, the State Board of Education
9 may authorize a school district to use any state basic instructional
10 materials allowance to purchase standards-aligned materials as
11 specified within this part.

